

UK agrees historic trade deal with Australia

- Prime Minister agrees UK-Australia free trade deal in meeting with Australian PM Scott Morrison in London
- British cars, Scotch whisky and confectionery will be cheaper to sell in the tariff-free agreement, boosting industries that employ 3.5 million people in the UK
- The deal also offers young people the opportunity to live and work in Australia and removes barriers for businesses
- PM hails 'new dawn' in the UK's relationship with Australia as leaders also agree to intensify cooperation on security, climate change and science and tech

The UK has secured a trade deal with Australia eliminating tariffs on all UK goods and boosting jobs and businesses across the country, in the first major trade deal negotiated from scratch by the Government since we left the EU.

The main elements of the deal were agreed by Prime Minister Boris Johnson and Australian Prime Minister Scott Morrison at a meeting in Downing Street last night [Monday 14 June]. A final Agreement in Principle will be published in the coming days.

The leaders reaffirmed the enduring partnership between the UK and Australia during their discussion and agreed to work closely together on defence, technology collaboration and tackling climate change – including through a future Clean Tech Partnership.

The new Free Trade Agreement means iconic British products like cars, Scotch whisky, biscuits and ceramics will be cheaper to sell into Australia, boosting UK industries that employ 3.5 million people across the country. The UK-Australia trade relationship was worth £13.9 billion last year and is set to grow under the deal, creating opportunities for businesses and producers in every part of the UK.

British farmers will be protected by a cap on tariff-free imports for 15 years, using tariff rate quotas and other safeguards. We are also supporting agricultural producers to increase their exports overseas, including to new markets in the Indo-Pacific.

Under the agreement, Brits under the age of 35 will be able to travel and work in Australia more freely, opening exciting opportunities for young people.

The Prime Minister Boris Johnson said:

Today marks a new dawn in the UK's relationship with Australia, underpinned by our shared history and common values.

Our new free-trade agreement opens fantastic opportunities for British businesses and consumers, as well as young people wanting the chance to work and live on the other side of the world.

This is global Britain at its best – looking outwards and striking deals that deepen our alliances and help ensure every part of the country builds back better from the pandemic.

The free trade deal will eliminate tariffs on Australian favourites like Jacob's Creek and Hardys wines, swimwear and confectionery, boosting choice for British consumers and saving households up to £34 million a year.

It will provide benefits across the whole of the United Kingdom, including:

- Scotland exported £126m of beverages to Australia in 2020 – this deal will help distillers by removing tariffs of up to 5% on Scotch Whisky.
- More than 450 businesses in Wales exported to Australia last year, and life science companies and chemicals manufacturers are set to benefit in particular.
- 90% of all exports from Northern Ireland to Australia are machinery and manufacturing goods – used extensively in Australia's mining, quarrying and recycling sectors. Under the new FTA tariffs will be removed and customs procedures will be simplified.
- Car manufacturers in the midlands and north of England will see tariffs of up to 5% cut, boosting demand for their exports.

An FTA with Australia is also a gateway into the fast-growing Indo-Pacific region and will boost our bid to join CPTPP, one of the largest free trade areas in the world, covering £9 trillion of GDP and 11 Pacific nations from Australia to Mexico.

Secretary of State for International Trade, Liz Truss, said:

This deal delivers for Britain and shows what we can achieve as a sovereign trading nation. It is a fundamentally liberalising agreement that removes tariffs on all British goods, opens new opportunities for our services providers and tech firms, and makes it easier for our people to travel and work together.

The agreement paves the way for us to join the Trans-Pacific Partnership, a £9 trillion free trade area home to some of the biggest consumer markets of the present and future.

Membership will create unheralded opportunities for our farmers, makers, innovators and investors to do business in the future of engine room of the global economy.

The deal's ambitious commitments on market access for services professionals, cutting-edge digital provisions and reduced barriers to investment will benefit the UK's service sector.

The UK exported £5.4 billion worth of services, including £1.4bn of insurance and pension services and £780m of financial services, to Australia in 2020. Red tape and bureaucracy will be torn down for more than 13,000 small and medium sized businesses across the UK who already export goods to Australia, with quicker export times.

Parliament will have the opportunity to scrutinise the agreement in detail once the text is published, along with an impact assessment and explanatory memorandum.

National Chair of the Federation of Small Businesses, Mike Cherry, said:

A trade deal with Australia will come as great news for many of our members who have long been exporting there as well as those who are hoping to expand their trade ambitions.

As we look beyond the pandemic and enjoy the benefits of post-Brexit growth, deals like this will reap vast rewards to small firms right across the UK. Around 40 per cent of UK small firms who trade internationally do so already with Australia, and a trade deal that could be worth up to £900 million will only increase those numbers.

The inclusion of a small business chapter in this agreement will also ensure that the needs of smaller businesses are fully catered for in the years to come.

CEO of techUK, Julian David, said:

Australia is a key market for the UK technology sector and an important gateway to the wider Indo-Pacific region. The free trade agreement announced today has the most advanced digital trade provisions of all the deals the UK has signed so far, opening up opportunities for our innovative businesses operating in emerging technologies, such as AI and cleantech.

The free flow of data provisions and the ban on data localisation will allow our SMEs in particular to explore the market without the cost of having to set up servers. We are looking forward to working with our industry and the government to make sure the sector takes full advantage of these state-of-the-art digital trade provisions.